

1 HONORABLE JAMES L. ROBART  
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7 UNITED STATES DISTRICT COURT  
8 WESTERN DISTRICT OF WASHINGTON  
9 AT SEATTLE

10 PACIFIC MARKET, INC., a Washington  
11 corporation, and PACIFIC MARKET  
INTERNATIONAL, L.L.C., a Washington  
limited liability company, collectively d/b/a  
PACIFIC MARKET INTERNATIONAL,

12 Plaintiffs,  
13 v.  
14 THERMOS L.L.C., a Delaware limited  
liability company,  
15 Defendant.

No. CV03-1261-JLR

**DEFENDANT'S TRIAL BRIEF**

## 1 TABLE OF CONTENTS

2 Page

3 Selected Relevant Facts .....	1
4 Legal Authority .....	2
5     A.    Product Design Trade Dress Claims Must be Evaluated Differently 6            Than Trademark and Product Packaging Trade Dress Claims.....	3
7     B.    PMI's Claimed Trade Dress is Functional .....	6
8         1.    Any Utilitarian Advantage of the Design .....	7
9         2.    The Availability of Alternative Designs .....	8
10         3.    Advertising Touting the Utilitarian Advantages of the Design.....	11
11         4.    Simple or Inexpensive Methods of Manufacture .....	12
12     C.    PMI's Claimed Trade Dress is Generic .....	13
13     D.    PMI's Claimed Trade Dress Lacks Secondary Meaning .....	15
14         1.    Image or "Look For" Advertising .....	23
15         2.    Use of the Trade Dress to Increase Sales .....	26
16         3.    Extent of Exclusive Use .....	27
17         4.    Actual Confusion.....	28
18         5.    Intentional Copying .....	28
19     E.    PMI Cannot Establish A Likelihood of Confusion .....	30
20         1.    Strength or Weakness of the Claimed Trade Dress .....	31
21         2.    The Proximity of the Goods .....	31
22         3.    Similarities and Differences Between the Goods 23            and their Packaging .....	31
24         4.    Actual Confusion.....	32

1	5. Intent to Confuse .....	32
2	6. Marketing/Advertising Channels .....	33
3	7. Purchaser's Degree of Care .....	33
4	8. Product Labeling .....	33
5		
6	F. Aladdin Did Not Transfer to PMI the Claimed Trade Dress Rights Before This Lawsuit Was Filed .....	34
7	G. PMI's State Law Claims Also Fail .....	36
8		
9	1. Washington State Law Requires that PMI's State Law Claims Must Be Decided Under Federal Trade Dress Infringement Standards .....	36
10		
11	a. PMI's Consumer Protection Act Claim Must Be Decided in Accordance With Federal Standards .....	36
12		
13	b. PMI's Claim for Common Law Unfair Competition Must Be Decided in Accordance with Federal Standards .....	38
14		
15	2. Federal Law Requires that PMI's State Law Claims Must Be Decided Under Federal Standards .....	39
16		
17	H. PMI's Claims Are Barred By Laches .....	40
18	I. PMI is Not Entitled to Monetary Recovery .....	42
19		
20	1. Defendant's Profits .....	42
21		
22	2. Actual Damages .....	44
23		
24		
25		
26		

This case arises from PMI's efforts to stifle effective, innovative competition that took direct aim at its green Stanley beverage bottle (the "Stanley bottle"). Thermos competed fairly, and entirely within the law. It developed a new and effective competitor to the green Stanley bottles, without violating any protectable trade dress rights in doing so. Because Thermos did not violate the Lanham Act or any corresponding state statutes, Thermos will ask the jury for a verdict in its favor.

## Selected Relevant Facts

Thermos and its predecessors have been selling insulated bottles for one hundred years. Although Thermos is the largest seller in many segments of the market, the one-quart green Stanley bottles had long been a strong seller among blue-collar workers. In an effort to compete more effectively with the green bottle, Thermos began a project to design a better bottle – a “Stanley Killer” bottle – that would appeal to the target consumers. Thermos retained an independent design firm to assist it in developing a strong competitor to the green Stanley. Thermos also used an outside marketing consulting firm to conduct focus group sessions with current Stanley bottle owners to find out what they did and did not like about that product. Thermos then chose a slender, compact, black-and-blue competitor with a tapered stainless steel top and a press-fit stainless steel base. Named the THERMOS® Work Series bottle, the bottle bears the prominent Thermos® trademark on its front, handle, base, packaging and hang tags.

The evidence will show that Thermos made a conscious choice to distinguish its product from the green Stanley bottle it hoped to displace. Thermos pursued a new design and color, and chose not to use the Stanley green, the Stanley cup, the Stanley handle and other Stanley features. The substantial differences – including color – are apparent. Since August of 2002, when it was first introduced, the Thermos bottle has proven popular with consumers.

Survey expert Philip Johnson conducted a survey on likelihood of confusion among

1 the target market for the Work Series bottle, using protocols that have been approved  
 2 repeatedly by federal courts. His was the only survey conducted on that issue, and found no  
 3 meaningful likelihood of confusion within the target market. The preponderance of the  
 4 evidence therefore will show that no appreciable number of consumers associate the blue  
 5 THERMOS® Work Series bottle with the Stanley name or its owner.<sup>1</sup>

6 Finally, PMI will be unable to meet its burden of establishing that its alleged damages  
 7 were caused by any infringement of protectable trade dress. The evidence will show that  
 8 customers had ample reason to prefer the style, increased capacity, smaller profile and footpad  
 9 of the THERMOS® Work Series bottle. The green Stanley faced formidable competition  
 10 from other brands, including PMI's own more modern Stanley BOLT vacuum bottle.

11 PMI has tried several ways to knock out a bottle they have been unable to overcome in  
 12 the marketplace. Last week, for example, PMI tendered for the first time a completely  
 13 different definition of its trade dress, which now apparently consists of all the elements of its  
 14 bottle except the signature green color and the handle criticized by focus groups. It then  
 15 tendered a proposed jury instruction with an entirely new definition, to which Thermos  
 16 strongly objects. Even the shifting trade dress definition, though, cannot obscure PMI's  
 17 inability to satisfy its burden of proving that Thermos violated any protectable rights under  
 18 applicable federal or state law.

19 **Legal Authority**

20 PMI claims that Thermos unfairly competed with it by infringing PMI's alleged trade  
 21 dress rights in the Stanley bottle in violation of Section 43(a) of the Lanham Act, Washington  
 22 unfair competition law and the Washington Consumer Protection Act (the "CPA").

23

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24 <sup>1</sup> As set forth below, the evidence will also establish that the product features for which PMI  
 25 seeks protection are both functional and generic, lack secondary meaning, and thus are not  
 entitled to the protection PMI seeks.

1 To succeed on its claims, PMI must prove each of the following: (1) Aladdin  
 2 Industries assigned to PMI the claimed trade dress rights, together with all of the good will  
 3 associated with such rights, before the filing of this lawsuit; (2) PMI's claimed trade dress is  
 4 non-functional; (3) PMI's claimed trade dress is not generic; (4) the claimed trade dress in the  
 5 Stanley bottle has acquired secondary meaning; (5) the THERMOS® Work Series Bottle uses  
 6 nonfunctional and non-generic design elements similar to the claimed trade dress elements in  
 7 the Stanley bottle in a manner likely to cause confusion among an appreciable segment of  
 8 ordinary purchasers as to the source of the Thermos Work Bottle; and (6) PMI suffered  
 9 damage from Thermos's infringement.

10 PMI's state law unfair competition claim is subject to the same substantive standards  
 11 and burden of proof as its federal Lanham Act claim. PMI's claim that Thermos violated the  
 12 CPA also requires PMI to prove that Thermos infringed PMI's claimed trade dress rights.  
 13 However, the CPA imposes additional requirements that PMI must prove to establish a  
 14 violation of the statute. PMI therefore cannot prevail on either of its state law claims in this  
 15 case without also prevailing on its Lanham Act claim.

16 Thermos has asserted laches as an equitable defense which, if proven, would bar each  
 17 of PMI's claims. The parties agree that the Court rather than the jury should decide the laches  
 18 defense because laches is an equitable doctrine.

19 **A. Product Design Trade Dress Claims Must Be Evaluated Differently Than  
 20 Trademark and Product Packaging Trade Dress Claims.**

21 “[T]here exists a fundamental right to compete through imitation of a competitor's  
 22 product, which right can only be temporarily denied by the patent or copyright laws.”  
 23 Leatherman Tool Group, Inc. v. Cooper Indus., Inc., 199 F.3d 1009, 1011-12 (9th Cir. 1999)  
 24 (quoting In re Morton-Norwich Prods., Inc., 671 F.2d 1332, 1336 (C.C.P.A. 1982) (emphasis  
 25 in original)). In a competitive economy, the right to copy products and product features  
 26 (subject to restrictions imposed by policies reflected in our patent and copyright laws) plays

1 an important role by fueling improvements in product quality and lower prices for consumers  
 2 through competitive forces in a free market. Thus, the Supreme Court has explained that  
 3 “[a]llowing competitors to copy [has] salutary effects in many instances.” TraffFix Devices,  
 4 Inc. v. Marketing Displays, Inc., 532 U.S. 23, 29 (2001). It is critical, therefore, that courts  
 5 not allow trade dress law to prevent businesses “from using a design identical to [their  
 6 competitors] and to require those competitors to adopt a different design simply to avoid  
 7 copying it.” Id. at 35. As the Ninth Circuit has explained:

8 [I]t is not the purpose of unfair competition law, under the guise  
 9 of either consumer protection or the protection of business good  
 10 will, to implement a policy of encouraging innovative designs  
 11 by protecting them once designed. Those issues are the  
 12 province of copyright and patent laws. . . . We believe that  
 13 courts should exercise restraint so as not to undermine  
 14 Congress’s repeated determinations not to afford virtually  
 15 perpetual protection to product configurations with an  
 16 expansive construction of section 43(a). What Congress has,  
 17 for the great span of this century, been unwilling to do, . . .  
 18 should not be effected by the judiciary.

19 Leatherman, 199 F.3d at 1012 (quoting Duraco Prods., Inc. v. Joy Plastic Enterprises, Ltd., 40  
 20 F.3d 1431, 1446-47 (3d Cir. 1994)).

21 “Because affording trade dress protection to product designs may hinder legitimate  
 22 competition, the Ninth Circuit has advised district courts to evaluate such claims with greater  
 23 scrutiny than claims involving other forms of trade dress.” Continental Lab. Prods., Inc. v.  
 24 Medax Int’l Inc., 114 F. Supp. 2d 992, 997 (S.D. Cal. 2000) (citing Leatherman, 199 F.3d at  
 25 1012-13). In the year following the Ninth Circuit’s 1999 decision in Leatherman, the  
 26 Supreme Court expressly recognized the importance of distinguishing product design trade  
 dress cases from those that involve either trademarks or other types of trade dress such as  
 product packaging cases and restaurant/service establishment décor cases. Wal-Mart Stores,  
Inc. v. Samara Bros., Inc., 529 U.S. 205, 212-15 (2000) (noting that restaurant décor “seems  
 to us not to constitute product design” but rather either product packaging “or some *tertium*”

1 *quid* that is akin to product packaging"). Explaining that the principles historically applied in  
 2 cases involving word marks and product packaging trade dress were founded upon the  
 3 assumption that consumers normally understand trademarks and product packaging to be  
 4 indicators of origin, the Court noted this consumer predisposition is simply not present with  
 5 product designs. Id. at 212-13. Rather, “[c]onsumers are aware of the reality that, almost  
 6 invariably, even the most unusual of product designs . . . is intended not to identify the source,  
 7 but to render the product more useful or more appealing.” Id. at 213.

8 The following year, the Supreme Court again took the opportunity in its decision in  
 9 TraffFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23 (2001) to emphasize the  
 10 importance of reconciling a competitor's right to copy unpatented product designs with the  
 11 trade dress principles that had developed under the Lanham Act. Noting that, in general,  
 12 “unless an intellectual property right such as a patent or copyright protects an item, it will be  
 13 subject to copying,” the Court held that “trade dress protection must subsist with the  
 14 recognition that in many instances there is no prohibition against copying goods and  
 15 products.” Id. at 29.

16 Recognizing these important distinctions, lower courts have adjusted the analysis  
 17 normally applied in trademark and product packaging trade dress cases to ensure that  
 18 competitors' rights to compete effectively are not undermined in product design trade dress  
 19 cases. See, e.g., Yankee Candle Co., Inc. v. Bridgewater Candle Co., 259 F.3d 25, 44-45 (1st  
 20 Cir. 2001) (“[I]ntent plays a particularly minor role in product design/configuration cases”);  
 21 Bonazoli v. R.S.V.P. Int'l, Inc., 353 F. Supp. 2d 218, 228-29 (D.R.I. 2005) (“[A]ttempts to  
 22 copy . . . will quite often *not* be probative [because] the copier may very well be exploiting a  
 23 particularly desirably feature, rather than . . . confus[ing] consumers as to the source of the  
 24 product.” (quoting Duraco Prods., Inc. v. Joy Plastic Enterprises, Ltd., 40 F.3d 1431, 1453  
 25 (3d Cir. 1994) (emphasis added)); Continental Lab. Prods., 114 F. Supp.2d at 1009-1012  
 26 (“The Supreme Court has recently made clear . . . that product design cases trigger

1 considerations and policies that do not arise in cases involving word marks and product  
 2 packaging, which can affect the legal requirements for distinctiveness. Thus, applying the  
 3 deliberate copying rule to product designs mandates a reassessment of its effectiveness.”)  
 4 (citing Wal-Mart, 529 U.S. 205); Mega Mfg., Inc. v. Haco-Atlantic, Inc., No. 00 C 2318, 2000  
 5 WL 705989, at \*6 (N.D. Ill. May 22, 2000) (“Many of the seven [likelihood of confusion  
 6 analysis] factors are inappropriate, or do not even function in the same way, with respect to  
 7 trade dress inhering in a product configuration. In a product configuration trade dress  
 8 infringement case, the primary factors to be considered in assessing likelihood of confusion  
 9 are the product’s labeling, packaging and advertisements.”) (internal citations and quotations  
 10 marks omitted).

11 Therefore, because “it is, and should be, more difficult to claim product configuration  
 12 trade dress than other forms of trade dress,” Leatherman, 199 F.3d at 1013, PMI is obliged to  
 13 overcome each of the high hurdles required to establish its claims in this product design trade  
 14 dress case.

15 **B. PMI’s Claimed Trade Dress Is Functional**

16 PMI’s first extraordinary hurdle is proving non-functionality. Trade dress protection  
 17 may not be claimed for product features that are functional. TraffFix Devices, Inc. v.  
 18 Marketing Displays, Inc., 532 U.S. 23, 29 (2001). PMI must overcome the statutory  
 19 presumption that its claimed trade dress is functional until PMI proves otherwise. 15 U.S.C. §  
 20 1125(a)(3).

21 The presumption is not easily overcome. A product design feature is functional if (1)  
 22 it is essential to the product’s use or purpose; (2) it affects the product’s cost or quality; or (3)  
 23 a competitor would be put at a significant non-reputation related disadvantage if it could not  
 24 use the feature. TraffFix, 532 U.S. at 32-33; Ninth Circuit Model Civil Jury Instructions §  
 25 18.10 and Further Comments thereto.

1           In this case, PMI claims that the following external features comprise the trade dress  
 2 of the Stanley bottle:

- 3           (a)    a base of constant diameter substantially throughout its length;
- 4           (b)    a tapered or torpedo like overall look and appearance from bottom to top  
                   generated from the top or cap being a diameter that is less than the body;
- 5           (c)    a body bearing a crinkled finish with a solid color;
- 6           (d)    a top or cap and band at the base of the body bearing the appearance of a  
                   stainless steel finish; and
- 7           (e)    a band at the base of the top or cap with a color that substantially matches the  
                   color of the body.

11           Amended Pretrial Order, at 3, ¶ 3. PMI cannot carry its burden of proving that these elements  
 12 are non-functional, whether the elements are considered individually or in combination.

13           The Ninth Circuit looks to four factors as guides in determining whether the design of  
 14 a product or product feature is functional or nonfunctional: “(1) whether the design yields a  
 15 utilitarian advantage, (2) whether alternative designs are available, (3) whether advertising  
 16 touts the utilitarian advantages of the design, and (4) whether the particular design results  
 17 from a comparatively simple or inexpensive method of manufacture.” Disc Golf Ass’n, Inc.  
 18 v. Champion Discs, Inc., 158 F.3d 1002, 1006 (9th Cir. 1998). The law applicable to each of  
 19 these factors is discussed briefly below.

20           1.       Any Utilitarian Advantage of the Design.

21           The law is quick to find a utilitarian advantage and unforgiving in considering  
 22 nonfunctionality. “A product feature need only have *some* utilitarian advantage to be  
 23 considered functional.” Disc Golf, 158 F.3d at 1007 (emphasis in original). If a product is in  
 24 a particular shape or design because it works better in that shape or design, the shape or  
 25 design is functional. Leatherman, 199 F.3d at 1012 (citing Textron, Inc. v. U.S. Int’l Trade

1        Comm'n, 753 F.2d 1019, 1025 (Fed. Cir. 1985)). A product design feature need not provide a  
 2 superior utilitarian advantage in order to be functional. Disc Golf 158 F.3d at 1007-08.  
 3 Rather, ““to establish non-functionality, the party with the burden must demonstrate that the  
 4 product feature serves no purpose other than identification.”” Id. (quoting Sega Enters. Ltd. v.  
 5 Accolade, Inc., 977 F.2d 1510, 1531 (9th Cir. 1992)).

6        “Functional features of a product are features which constitute the actual benefit that  
 7 the consumer wishes to purchase, as distinguished from an assurance that a particular entity  
 8 made, sponsored, or endorsed a product.” See Further Comments to Ninth Circuit Model  
 9 Civil Jury Instructions § 18.10 (quoting Vuitton et Fils S.A. v. J. Young Enters., 644 F.2d  
 10 769, 774 (9th Cir. 1981) (internal quotation marks omitted)). See also Kendall-Jackson  
 11 Winery, Ltd. v. E & J Gallo Winery, 150 F.3d 1042, 1050 (9th Cir. 1998) (holding that a  
 12 reasonable jury could conclude that combination of exposed cork, a rounded flange and a  
 13 neck label was functional because these features “create the ‘California look,’ which  
 14 consumers [have] come to expect from a California wine”); Brunswick Corp. v. British  
 15 Seagull Ltd., 35 F.3d 1527, 1531 (Fed. Cir. 1994) (holding that although black color of  
 16 outboard motors “does not make the [boat] engines function better as engines” and does not  
 17 affect the “mechanical purpose” of the engines, black was functional because it decreases the  
 18 apparent size of the motor and ensures compatibility with many different boat colors and as  
 19 such “[c]olor compatibility and ability to decrease apparent motor size are not in this case  
 20 mere aesthetic features”).

21        Each element that PMI claims as its trade dress yields a utilitarian advantage.

22        2.        The Availability of Alternative Designs

23        Although evidence of available alternative designs may still be considered in making  
 24 the determination of whether the claimed trade dress is functional or merely ornamental in the  
 25 first place, its significance in evaluating the functionality of the claimed trade dress has been  
 26

1 diminished substantially by the Supreme Court's decision in TraffFix and the Ninth Circuit's  
 2 decision in Talking Rain Beverage Co. v. South Beach Beverage Co., 349 F.3d 601 (9th Cir.  
 3 2003). In TraffFix, the Supreme Court held that once a product design feature has been found  
 4 to be functional because it affects the cost or quality of the product or because it is essential to  
 5 the product's use or purpose (*i.e.*, the test the Court formulated in Inwood Labs., Inc. v. Ives  
 6 Labs., Inc., 456 U.S. 844 (1982)), “[t]here is no need . . . to engage . . . in speculation about  
 7 other design possibilities . . . which might serve the same purpose. TraffFix Devices, Inc. v.  
 8 Marketing Displays, Inc., 532 U.S. 23, 33 (2001). See also Talking Rain, 349 F.3d at 603  
 9 (holding that after TraffFix, “the existence of alternative designs cannot negate a trademark’s  
 10 functionality”); Antioch v. Western Trimming Corp., 347 F.3d 150, 157 (6th Cir. 2003)  
 11 (finding no error in district court’s rejection of proffered evidence on alternative designs,  
 12 based on TraffFix, once it found features functional).

13 Even if a defendant could have achieved the same functionality by adopting a different  
 14 design than the one it chose, the existence of available alternatives does not render the product  
 15 design feature non-functional. Talking Rain, 349 F.3d at 604. While the Ninth Circuit still  
 16 permits evidence of available alternative designs to be considered because the Ninth Circuit  
 17 believes such evidence may be helpful in indicating whether the claimed trade dress embodies  
 18 functional or merely ornamental aspects of the product, the court has made it clear that such  
 19 evidence must not be used to negate the functionality of a product design feature otherwise  
 20 found to be functional under the Supreme Court’s Inwood test. Talking Rain, 349 F.3d at  
 21 603.

22 Further, the law strictly limits the use of alternative-design evidence. Any alternative  
 23 designs that PMI offers into evidence at trial must be shown to be commercially viable  
 24 alternatives. Evidence of proffered design alternatives without sales or market share data  
 25 showing the proposed alternative to be commercially viable, for example, is insufficient. See  
 26 Disc Golf Ass’n, Inc. v. Champion Discs, Inc., 158 F.3d 1002, 1009 (9th Cir. 1998) (rejecting

1 plaintiff's proposed alternative designs offered without sales or market share data as  
 2 insufficient to support an inference of commercial viability). Moreover, the number of  
 3 commercially viable alternative designs must be shown to be sufficient to ensure that  
 4 providing exclusivity of the claimed trade dress to a single seller would not hinder  
 5 competition. Id. at 1009 (citing J.T. McCarthy, McCarthy on Trademarks and Unfair  
 6 Competition § 7:75 at 7-156 (4th ed. 1998) (hereinafter "McCarthy on Trademarks").

7 The commercially viable alternative obligation is also stringent. The Ninth Circuit, in  
 8 both its opinion in Leatherman and its more recent decision in Tie Tech, Inc. v. Kinedyne  
 9 Corp., 296 F.3d 778, 786 (9th Cir. 2002), held that it is inappropriate to consider, as  
 10 commercially viable alternative designs, products that effectively perform the same function  
 11 as the plaintiff's product but do not offer "exactly the same" functionality as the product  
 12 features that the plaintiff claims as its trade dress. In Leatherman, for example, the court  
 13 discounted the significance of other tool designs offered at trial as possible alternatives to the  
 14 features of the tool that plaintiff Leatherman claimed as its trade dress:

15 Nor can the fact that there are many other multifunction tools  
 16 with a variety of appearances . . . preclude [defendant] from  
 17 faithful copying of the PST. While it is appropriate to look to  
 18 possible alternatives when judging whether a design is  
 19 functional, the evidence judging here was unequivocal that none  
 20 of the alternatives offered the same functionality as the PST.  
 21 Even though many of the tools likely are highly functional and  
 22 useful, none of them offer *exactly* the same features as the PST.  
 23 For example, a particular alternative design might be  
 24 substantially larger than the PST. As such, it might actually be  
 25 *preferred* by a customer seeking a heavier-duty tool to keep in  
 26 the car. A customer looking for a tool to carry in a pocket every  
 day, though, might prefer the compactness of the PST.  
 Leatherman does not have the right to preclude competition in  
 any particular subset of the overall market.

27 Leatherman, 199 F.3d at 1013-14 (emphasis in original).

28 The broad principle of functionality stated in Leatherman and Tie Tech provides for  
 29

1 finding functionality even if only a portion of the consumers prefer some aspect of the  
 2 product. A plaintiff “does not have rights under trade dress law to compel its competitors to  
 3 resort to alternative designs which have a different set of advantages and disadvantages.” Id.  
 4 at 1014 n.7. A product design feature is functional if some customers prefer a specific  
 5 functional aspect of the product, even though other functional designs may get the job done  
 6 just as well. Tie Tech, 296 F.3d at 786. If a subset of the overall market such as the blue  
 7 collar tradesmen segment, for example, prefers particular aspects of the Stanley bottle, these  
 8 design features are functional notwithstanding the commercial success of other designs in the  
 9 market as a whole. Id. at 786-87. The trade dress laws protect only “a customer’s desire to be  
 10 assured that a particular entity made, sponsored, or endorsed a product” and not a  
 11 competitor’s ability to monopolize product features that may be preferred by segments of the  
 12 market. Id. at 786-87 (citations omitted).

13                   3.        Advertising Touting the Utilitarian Advantages of the Design

14                   Advertising that touts the utilitarian advantage of the product’s design indicates  
 15 functionality. The evidence at trial will cut strongly against PMI on this factor. For years,  
 16 Aladdin and PMI have promoted the Stanley bottle as a rugged, tough and durable bottle.  
 17 Having contributed through its own advertising to the consumer perception that the features of  
 18 the Stanley bottle are designed for a tough environment in which a tough, durable bottle is  
 19 needed, PMI cannot now preclude its competitors from using the same rugged appearing  
 20 features on competing bottles. Moreover, as the Ninth Circuit has made clear, the advertising  
 21 need not expressly tie the utilitarian advantages to the claimed trade dress elements. Disc  
 22 Golf Ass’n, Inc. v. Champion Discs, Inc., 158 F.3d 1002, 1007-09 (9th Cir. 1998). It is  
 23 enough if the claim is implicit in the advertising. Id. at 1009. Advertising touting the  
 24 utilitarian advantages of the claimed trade dress is “strong evidence of functionality.” Id.

1           4.     Simple or Inexpensive Methods of Manufacture

2           PMI must prove that vacuum-insulated bottles having the elements that PMI claims as  
 3 its trade dress are not relatively simple or inexpensive to manufacture. The evidence at trial  
 4 will show that at least some of these elements provide certain advantages during the  
 5 production process.

6           Because PMI likely will recognize that it cannot prove that the individual elements of  
 7 its claimed trade are non-functional, it may argue that it is seeking to protect only the overall  
 8 look of the Stanley bottle that is achieved through the combination of the functional elements  
 9 comprising its claimed trade dress. This claim also must fail. "For an overall product  
 10 configuration to be recognized as a trademark, the entire design must be nonfunctional."  
 11 Leatherman Tool Group, Inc. v. Cooper Indus., Inc., 199 F.3d 1009, 1012 (9th Cir. 1999).  
 12 "[T]he right to copy better working designs would, in due course, be stripped of all meaning if  
 13 overall functional designs were accorded trademark protection because they included a few  
 14 arbitrary and nonfunctional features." Id. (quoting Textron, Inc. v. U.S. Int'l Trade Comm'n,  
 15 753 F.2d 1019, 1024 (Fed. Cir. 1985)).

16           The Ninth Circuit rejected efforts to play semantic games aimed at hindering  
 17 legitimate marketplace competition in both Leatherman and Tie Tech. See Leatherman, 199  
 18 F.3d at 1013; Tie Tech, Inc. v. Kinedyne Corp., 296 F.3d 778, 786 (9th Cir. 2002). The words  
 19 of the court in Leatherman apply forcefully to PMI's claim:

20           [W]here the whole is nothing other than an assemblage of  
 21 functional parts, and where even the arrangement and  
 22 combination of parts is designed to result in superior  
 23 performance, it is semantic trickery to say that there is still  
 24 some sort of separate "overall appearance" which is non-  
 25 functional. If it is permissible to draw a distinction between  
 such an object and its "general appearance," then virtually  
 nothing is utilitarian, and virtually the only product designs  
 which could be copied faithfully are those which are widely  
 used and therefore in the public domain.

1 Leatherman, 199 F.3d at 1013. See also Tie Tech, 296 F.3d at 786 (rejecting argument that  
 2 “the overall appearance of [the plaintiff’s product], and not its separate functional parts, is  
 3 what deserves protection as a non-functional aspect of its configuration”).

4 PMI has not claimed (and cannot prove) that the elements of its trade dress are  
 5 configured or arranged in some sort of a fanciful or arbitrary way in the Stanley bottle. The  
 6 elements of the claimed trade dress – the base, the body, the cup, and the plastic band around  
 7 the lip of the cup – are configured in a conventional vacuum bottle arrangement chosen as a  
 8 matter of basic engineering design to perform the function of a vacuum-insulated bottle and  
 9 attached drinking cup/cap.

10 Moreover, if the essential element (or elements) of a claimed overall combination of  
 11 elements is functional, the claimed combination of elements cannot be protected as trade  
 12 dress. The Supreme Court made this clear in its decision in TraFFix, 532 U.S. 23, 30, 34  
 13 (2001) (focusing solely on the functionality of single feature as the “essential” one in the  
 14 plaintiff’s claimed combination of features and dismissing the others as superfluous). See  
 15 also Antioch v. Western Trimming Corp., 347 F.3d 150, 159 (6th Cir. 2003) (“TraFFix  
 16 Devices teaches that where an engineering design feature is the core component of the overall  
 17 trade dress, a court may focus on the functionality of that key feature.”). If PMI cannot prove  
 18 the non-functionality of the essential element or elements of its claimed trade dress, its  
 19 Lanham Act and related state law claims must fail.

20 **C. PMI’s Claimed Trade Dress Is Generic**

21 Thermos has asserted genericness as a defense to PMI’s allegation that the Thermos  
 22 Work bottle infringes the claimed trade dress of the Stanley bottle. See Answer to Second  
 23 Amended Complaint at 4, ¶ 2; Amended Pretrial Order at 5, ¶ 2. If PMI’s claimed trade dress  
 24 is generic, then it is unprotectable even if PMI proves that its trade dress has acquired  
 25 secondary meaning. Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2001)

1 (“even a showing of secondary meaning is insufficient to protect product designs that are  
 2 overbroad or ‘generic’”); Big Island Candies, Inc. v. Cookie Corner, 269 F. Supp. 2d 1236,  
 3 1251 (D. Haw. 2003); Indonesian Imports, Inc. v. Smith Nos. 97-3534, 98-2494, 1999 WL  
 4 183629, at \*8 (N.D. Cal. Mar. 30, 1999).

5 Because Thermos has raised genericness as a defense – (and because PMI’s claimed  
 6 trade dress is not federally registered) – PMI bears the proving that its claimed trade dress is  
 7 nongeneric. Filipino Yellow Pages, Inc. v. Asian Journal Pubs., Inc., 198 F.3d 1143, 1146  
 8 (9th Cir. 1999) (“If a supposedly valid mark is not federally registered . . . the plaintiff has the  
 9 burden of proving genericness once the defendant asserts genericness as a defense.”); Big  
 10 Island Candies, 269 F. Supp. 2d at 1242 (“Because [defendant] has raised the defense of  
 11 genericness, [plaintiff] has the burden of showing that the [plaintiff’s cookie] design is not  
 12 generic.”); Norm Thompson Outfitters, Inc. v. Starcrest Prods. of California, Inc., No. 03-  
 13 1149, 2004 WL 957774, at \*2 (D. Or. May 4, 2004) (plaintiff bears burden of proving  
 14 nongenericness where defendant asserted that unregistered mark was generic); Yellow Cab of  
 15 Sacramento v. Yellow Cab Co. of Elk Grove, Inc., 266 F. Supp. 2d 1199, 1203 (E.D. Cal.  
 16 2003) (same).

17 There are a number of ways in which PMI’s claimed trade dress may be generic, and  
 18 therefore unprotectable. See Big Island Candies, 269 F. Supp. 2d at 1244 (“[T]here may be  
 19 more than one applicable form of ‘genericness’ in a product design case.”). First, PMI’s  
 20 claimed trade dress may be generic “if it is overbroad or too generalized.” Id. at 1243; see  
 21 also Jeffrey Milstein, Inc. v. Gregor, Lawlor, Roth, Inc., 58 F.3d 27, 34 (2d Cir. 1995) (trade  
 22 dress for which plaintiff sought protection was “generalized idea” and therefore “generic”).  
 23 Second, PMI’s claimed trade dress may be generic if it is the basic, or even a basic form of a  
 24 type of product. Big Island Candies, 269 F. Supp. 2d at 1244; see also Indonesian Imports,  
 25 1999 WL 183629, at \*6 (refusing trade dress protection for crocheted handbag due to  
 26 genericness). Third, PMI’s claimed trade dress may be generic “because it is so common in

1 the industry or in the marketplace that it cannot be said to identify any particular source.” Big  
 2 Island Candies, 269 F. Supp. 2d at 1244; Kendall-Jackson Winery, Ltd. v. E. & J. Gallo  
 3 Winery, 150 F.3d 1042, 1049 (9th Cir. 1998) (holding that grape leaf design on wine bottles  
 4 had become generic because design was “used widely in the industry”); Indonesian Imports,  
 5 1999 WL 183629, at \*6 (general shape of handbag was generic because “common” and  
 6 “widely produced” in the industry).

7 Accordingly, PMI can carry its burden of proving nongenericness only if it can  
 8 establish that its claimed trade dress is not generic in any of the above-described senses.  
 9 Moreover, even if PMI can show that not all the features of its claimed trade dress are generic,  
 10 its claimed trade dress, viewed as a whole, may be generic if it is found to consist of some  
 11 combination of generic and functional elements. See, e.g., Jeffrey Milstein, 58 F.3d at 32  
 12 (trade dress consisting solely of “commonly used” and functional elements was generic and  
 13 therefore unprotectable); Indonesian Imports, 1999 WL 183629, at \*7 (finding plaintiff’s  
 14 trade dress generic in part because plaintiff failed to produce any evidence that the “generic  
 15 and otherwise unprotectable features [of plaintiff’s trade dress] are combined together in a  
 16 unique and source identifying way”).

#### 17           D.     PMI’s Claimed Trade Dress Lacks Secondary Meaning

18        In 2000, the Supreme Court held that no product configuration may be protected from  
 19 infringement under the Lanham Act without proof of secondary meaning. Wal-Mart Stores,  
 20 Inc. v. Samara Bros., 529 U.S. 205, 216 (2000). That holding was another narrowing the  
 21 scope of permissible trade dress claims, particularly in product design cases. As explained  
 22 above, see Section A, *supra*, parties claiming infringement of product designs under the  
 23 Lanham Act face extraordinary hurdles.

24        To establish secondary meaning, PMI must prove that the primary significance of a  
 25 product feature is to identify the product’s source rather than the product itself. Inwood Labs,  
 26

1 Inc. v. Ives Labs, Inc., 456 U.S. 844, 851 n.11 (1982). The courts have been unflinching in  
 2 enforcing the narrowed scope of trade dress protection:

3 While some have suggested that the primary significance test is  
 4 too stringent, particular for product design cases, we reject any  
 lesser test.

5 I.P. Lund Trading ApS v. Kohler Co., 163 F.3d 27, 42 (1st Cir. 1998).

6 PMI must prove, therefore, that consumers see the design of the Stanley bottle not as a  
 7 bottle with a particular combination of size, shape, color, and texture but rather that those  
 8 design factors serve first and foremost in the consumer's mind to indicate that this bottle  
 9 comes from a particular source. A product's design does not have secondary meaning, no  
 10 matter how unique it is, and no matter how long it has been used exclusively by one  
 11 manufacturer, unless it is shown that the design serves primarily to identify the source rather  
 12 than as a part of the product itself.

13 PMI's burden to prove that its product design serves primarily to identify a source is  
 14 daunting. No less than the United States Supreme Court has explained that "product design  
 15 almost invariably serves purposes other than source identification." Wal-Mart, 529 U.S. at  
 16 213. That is because consumers "are aware of the reality that, almost invariably, even the  
 17 most unusual of product designs—such as a cocktail shaker shaped like a penguin—is intended  
 18 not to identify the source, but to render the product itself more useful or more appealing." Id.  
 19 PMI is obliged to prove, therefore, that what almost invariably does not exist in the mind of  
 20 consumers exists in this case: that the design of the Stanley bottle serves primarily to identify  
 21 the bottle as coming from a single source rather than to make it more useful or more  
 22 appealing. Worse for PMI, it must do so with a product far less distinctive than a cocktail  
 23 shaker shaped like a penguin.

24 The courts have repeatedly explained the reason for their extreme caution in product  
 25 configuration claims under the Lanham Act:

1           While most trademarks only create a monopoly in a word, a  
 2           phrase, or a symbol, “granting trade dress protection to an  
 3           ordinary product design would create a monopoly in the goods  
 4           themselves.”

5           Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 115 (2d Cir. 2000) (quoting Landscape  
 6           Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373, 380 (2d Cir. 1997)). Courts have  
 7           recognized that product design trade dress claims “raise a patent risk that relief will  
 8           impermissibly afford a level of protection that would hamper efforts to market competitive  
 9           goods” and risks “undermin[ing] restrictions in copyright and patent law that are designed to  
 10          avoid monopolization of products and ideas.” Id. (quotations omitted).

11          In this climate of caution and skepticism as to the secondary meaning of product  
 12          designs,<sup>2</sup> PMI comes forward with the scantest evidence of secondary meaning. PMI offers  
 13          no direct testimony of buyers as to their belief that the Stanley bottle has secondary meaning.  
 14          Instead, the only direct evidence it offers is the Hebert Survey, a survey that fails to answer  
 15          the question that must be answered to establish secondary meaning: is the trade dress uniquely  
 16          associated with a specific source.<sup>3</sup> See Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763,  
 17          766 n.4 (1992) (“Secondary meaning is used generally to indicate that a mark or dress has  
 18          come through use to be uniquely associated with a specific source.” (emphasis added;

19          <sup>2</sup> See also TrafFix Devices, Inc. v. Marketing Displays, Inc., 532 U.S. 23, 29 (2001) (“[I]n  
 20          Wal-Mart we were careful to caution against misuse or overextension of trade dress.”);  
 21          Duraco Prods., Inc. v. Joy Plastic Enters., 40 F.3d 1431, 1453 (3d Cir. 1994) (“[S]econdary  
 22          meaning in a product configuration case will generally not be easy to establish.”); and Boston  
 23          Beer Co. v. Slesar Bros. Brewing Co., 9 F.3d 175, 181 (1st Cir. 1993) (“Proof of secondary  
 24          meaning entails vigorous evidentiary requirements.”)

25          <sup>3</sup> In order to find that the claimed trade dress has acquired secondary meaning, PMI must  
 26          prove that a significant number of the consuming public associates the trade dress with a  
 27          single specific source. Courts consistently demand that a “significant number of the  
 28          consuming public” be shown to be at least 50% of that population. McCarthy on Trademarks,  
 29          § 32:190; Vision Sports v. Melville, 888 F.2d 609, 615 (9th Cir. 1989) (81% of survey  
 30          respondents identify logo apart from word mark indicates logo’s secondary meaning); STX, Inc. v. Trik Stik, Inc., 708 F. Supp. 1551, 1559 (N.D. Cal. 1988) (“Traditionally, percentages  
 31          above 50% have constituted evidence of significant association.”).

1 quotation omitted)); Clicks Billiards, Inc. v. Sixshooters, Inc., 251 F.3d 1252, 1262 (9th Cir.  
 2 2001) (“The trade dress of a product or service attains secondary meaning when the  
 3 purchasing public associates the dress with a particular source.” (quoting Fuddruckers, Inc. v.  
 4 Doc's B.R. Others, Inc., 826 F.2d 837, 843 (9th Cir. 1987) (emphasis added)).

5 The Hebert Survey, in addition to numerous methodological errors, asks only whether  
 6 participants associate the pictured Stanley Classic Tall with “one company” or “more than one  
 7 company.” It never asks any question to establish whether survey participants associate the  
 8 appearance with a particular single company (as the law requires for secondary meaning to  
 9 attach) or whether instead they associate it with a number of different single companies  
 10 (indicating no secondary meaning). PMI has repeatedly taken the mistaken position that the  
 11 “anonymous source rule” excuses Hebert, as well as PMI, from proving anything more than  
 12 that consumers associate the appearance of PMI’s product with “one company.”

13 That error permeates PMI’s analysis of this case and will, if left uncorrected, mislead  
 14 the jury. The Supreme Court, the Ninth Circuit Court of Appeals, and court after court in the  
 15 United States has spoken plainly: secondary meaning requires proof of an association that is  
 16 “unique” and that leads to a “particular” or “specific” single source. See, e.g., Two Pesos,  
 17 505 U.S. at 766 n.4; Clicks Billiards, 251 F.3d at 1262; Fuddruckers, 826 F.2d at 843. The  
 18 “anonymous source” rule that PMI has so often used for shelter does not overcome the  
 19 obligation to prove that unique and specific association, it simply excuses the buyer from  
 20 having to “know the corporate or personal name of the source.” McCarthy on Trademarks, §  
 21 15:8 at 15-16—15-17.<sup>4</sup>

22

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23 <sup>4</sup> The anonymous source rule excuses the survey respondent from needing to name the single  
 24 source but it does not excuse Hebert or PMI from demonstrating that the association is with a  
 25 unique, particular source. Even if PMI could claim that PMI, Stanley and Aladdin are poorly  
 26 recognized or unknown corporate or trade names (a claim not yet made), PMI would still need  
 to prove the unique association of the trade dress with just one specific, albeit anonymous,  
 source. One responsible surveyor convinced the courts to accept his survey by identifying the  
 source by characteristics other than the name. See President and Trustees of Colby College v.

1 Significantly, despite the number of times this issue has been briefed,<sup>5</sup> PMI has never  
 2 explained why the “anonymous source” provision swamps (or somehow satisfies) the  
 3 threshold duty to show consumers’ unique association with a single, specific source. Just so,  
 4 PMI has never responsibly confronted the cases cited by Thermos, including Lund, a case that  
 5 meticulously analyzed why a survey that failed to determine what was behind the “one  
 6 company” response is a misleading survey.<sup>6</sup>

7 And Mr. Hebert’s survey is misleading. After Mr. Hebert asked respondents whether  
 8 they associated the pictured bottle with “one company” or “more than one company,” he  
 9 properly made no attempt to include those that responded “more than one company” among  
 10 those that, in his view, established secondary meaning in the design of the bottle. Those  
 11 people obviously did not believe that the bottle was uniquely associated with a single specific  
 12 source. But Hebert improperly failed to probe for clarity from those that responded “one  
 13 company.” If he had, he may have discovered that more than one company was represented  
 14 among the respondents that Hebert claims uniquely associate the bottle with a single source.  
 15 Those that answered one company may have gone on to indicate a variety of sources that  
 16 respondents believed were associated with the pictured bottle. Importantly, the evidence at  
 17 trial will show that Mr. Herbert knew from his own pre-litigation survey research that a  
 18 follow-up question would in fact splinter the one-company responses.

19 In addition, under PMI’s theory, it would be meaningless if Hebert’s litigation survey  
 20 showed that rather than a unique association with a single specific source, the association was

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21  
 22 Colby College of New Hampshire, 508 F.2d 804, 809 (1st Cir. 1975).

23 <sup>5</sup> This issue was argued in Defendant Thermos L.L.C.’s Motion in Limine #4 to Exclude  
 24 Expert Report and Testimony of James D. Hebert, as well as Plaintiffs’ Motions in Limine  
 (Sections I and II).

25 <sup>6</sup> PMI’s only attempts to deal with Lund failed on a misreading of the facts set forth in that  
 26 opinion. See Defendant’s Reply in Support of its Motion in Limine No. 4 to Exclude Expert  
 Report and Testimony of James D. Hebert at p.2 n.4.

1 with more than one company. Indeed, in PMI's view, it wouldn't matter if the 300  
 2 respondents that told Mr. Hebert that they associated the bottle with "one company" would  
 3 have identified 300 different companies as the source. PMI insists that secondary meaning  
 4 was established merely when those respondents said "one company." That view is simply  
 5 wrong.<sup>7</sup>

6 Mr. Herbert's survey is also incurably deficient because it does nothing to tell the  
 7 Court or the jury why they associate the Stanley bottle with "one company." If an association  
 8 is made not because of PMI's claimed trade dress but because of something else (e.g., "all  
 9 insulated come from one company"), no secondary meaning is proven. And no secondary  
 10 meaning is proven if the respondent picked "one company" but had no reason for the  
 11 association. Because the Herbert survey restricted respondents only to trade dress related  
 12

13 <sup>7</sup> As explained in the text above, neither Hebert nor PMI have come to grips with their  
 14 obligation to show that the trade dress is uniquely associated with a specific source. The  
 15 treatises and cases consistently reject the claim that secondary meaning is proven simply by  
 16 finding enough people that answer "one company." See Phyllis J. Welter, Trademark  
 17 Surveys, §23.02[1][b] at 23-11 (1998) ("The idea that one can merely ask if something is  
 18 from one company or more than one company . . . is not a workable idea due to the  
 19 complexities of marketing and the law."). As explained in Sunbeam Corp. v. Equity  
 20 Industries Corp., 635 F. Supp. 625, 631-32 (E.D. Va. 1986), questions such as Hebert's  
 21 question 7 are easily misinterpreted "as asking whether the respondent thinks one company or  
 22 more than one company makes the particular [product] they were viewing" rather than  
 23 whether the appearance of the product is associated with just one source. Most manufactured  
 24 products are made by just one company. The "natural answer" to the one company or more  
 25 than one company question is one company so that "it is of little, if any, value to the Court's  
 26 secondary meaning analysis." Although Mr. Hebert's question offered respondents the  
 chance to say that they "don't know" whether the trade dress was associated with one  
 company or more than one company, he failed to give them the obvious choice that they  
 associated the appearance of the bottle with no company. See Pebble Beach Co. v. Laub  
America Corp., No. C-84-20125, 1985 WL 5584, at \*16 (N.D. Cal. Dec. 27, 1985). As  
 between Hebert's one company or more than one company choice, purely random responses  
 would have produced a legally-sufficient 50% showing of secondary meaning, even though  
 the evidence indicates that an open-ended follow-up question would have disproved  
 secondary meaning. See id. at \*17; see also Universal Frozen Foods Co. v. Lamb-Wesson,  
Inc., 697 F. Supp. 389, 394 (D. Or. 1987) ("'one company' or 'more than one company'"  
 emphasis was "inappropriate in a secondary meaning survey").

1 issues, it fails to discover what association exists (even with “one company,” whatever that  
 2 company might be) for non-trade-dress reasons. This flaw in Herbert’s survey was explained  
 3 in Thermos’s Motion in Limine No. 4 and need not be repeated here. However, a related  
 4 issue, the significance of the green color of the bottle to PMI’s secondary meaning claim,  
 5 deserves further discussion.

6 The color green must be acknowledged to be a central (if not the central) feature of the  
 7 design of the Stanley bottle. Before this litigation Mr. Herbert used only one non-brand  
 8 adjective to describe the Stanley bottle: green. He failed to include that characteristic,  
 9 however, in his checklist of permissible answers, thus steering respondents away from that  
 10 principal element of the design.

11 But it is not just the impermissibly misleading nature of Herbert’s question 8 that  
 12 makes PMI unable to prove secondary meaning. It is also that PMI cannot prove that it has  
 13 established secondary meaning apart from the color green.

14 “The inquiry into distinctiveness turns on the total appearance of the product . . . .”  
 15 IP. Lund ApS v. Kohler Co., 163 F.3d 27, 39 (1st Cir. 1998). The “total appearance” of the  
 16 Stanley bottle includes the obvious and prominent use of the color green. At the same time, to  
 17 sustain its claim to secondary meaning, PMI must prove “that its claimed dress serves a  
 18 source-identifying role.” Clicks Billiards, 251 F.3d at 1258 (emphasis added). PMI’s claimed  
 19 dress meticulously avoids the color green. Because the overall appearance of the bottle  
 20 includes a readily visible color while the claimed dress purposefully avoids that color, PMI  
 21 must prove that the claimed elements of the product are those that identify the source while  
 22 the green color plays no role in indicating the source.

23 PMI has not – and cannot – show that green is irrelevant to its trade dress. Nor can it  
 24 show that secondary meaning can be proved in elements apart from the color green. Because  
 25 the color green is inextricably tied to the total appearance of the Stanley bottle, it is  
 26 inextricably tied to PMI’s evidence of secondary meaning. PMI has sold the Stanley Classic

1 bottle only in green and its predecessor, Aladdin, rarely sold the bottle in any color other than  
 2 green. Repeatedly before this litigation, PMI and its agents (as well as Aladdin and its agents)  
 3 regularly mentioned the color of its bottle.<sup>8</sup> PMI's president and founder, Robert Harris, in  
 4 announcing his purchase of the Stanley bottle selected "green" as the adjective that first  
 5 describes the bottle: "Americans trust the 'green bottle' because of its renowned durability,  
 6 heat retention performance and lifetime guarantee." See Thermos Trial Exhibit 35. The color  
 7 photo that Herbert used in his survey therefore also displayed the green color of the bottle.  
 8 Where, as here, a portion of the appearance of the product is obvious and prominent so that its  
 9 role in any secondary meaning cannot be discounted, no secondary meaning can be found  
 10 unless that portion is demonstrated to be immaterial to source identification.

11 And where, as here, the commonly used or obvious description of a product's  
 12 appearance varies from the definition of the trade dress used in litigation, this courts may  
 13 reasonably demand specific proof that the litigation description and not the pre-litigation real  
 14 world description accurately describes the trade dress. In Farberware Inc. v. Mr. Coffee, Inc.,  
 15 740 F. Supp. 291 (D. Del. 1990), Farberware accused Mr. Coffee of trade dress infringement.  
 16 Farberware claimed rights to a particular configuration for its MicroBrew coffee maker that  
 17 included a black color with contrasting white lettering. Looking at the product itself, and  
 18 referring to Farberware's and others' pre-litigation descriptions of the product, the Court  
 19 immediately noted Farberware's litigation misdescription:

20 At the outset, the Court notes that while Mr. Coffee's product  
 21 *is*, as alleged by Farberware, matte black with contrasting white  
 22 lettering, the Farberware MicroBrew is a *three-color* product.  
 23 In other words, although Farberware's description of its  
 24 MicroBrew trade dress would lead one to conclude otherwise,  
 25 the MicroBrew is not adorned in merely black and white. The  
 26 MicroBrew also contains red ornamentation.

25 <sup>8</sup> For a fuller explanation of the perception that green is central to the design of the Stanley  
 26 bottle, see the testimony and exhibits cited in Thermos's Motion in Limine #4 at p.9 and n.6,  
 as well as Thermos's Reply brief at p.3 n.5.

1 Id. at 297 (emphasis in original, internal citation omitted).

2 Using a litigation trade dress description that strayed from the visible, real world  
 3 appearance of the product drew harsh criticism from the Court:

4 Farberware's description of its MicroBrew trade dress is, at  
 5 best, disingenuous. At worst, the claimed trade dress could be  
 6 fairly characterized as specifically contrived to fit Farberware's  
 7 needs in this litigation. There is only one explanation for why  
 8 Farberware framed its claim for trade dress protection in this  
 9 case so as to exclude MicroBrew's prominent red accents: Mr.  
 10 Coffee's Quick Brew does not contain any red elements.

11 Id. at 298. Similarly, there is only one explanation for why PMI framed its claim for trade  
 12 dress protection so as to exclude the prominent green color of the Stanley Classic bottle:  
 13 Thermos Work Series bottle is blue. As was the plaintiff's trade dress description in  
 14 Farberware, PMI's trade dress description is improperly contrived to fit its needs in this  
 15 litigation. However, despite the contrivance, the green color of PMI's bottle cannot be  
 16 ignored, and because PMI is unable to prove that green is immaterial to any claim of  
 17 secondary meaning, that claim must fail.

18 Due to the deficiencies in Mr. Herbert's survey, PMI is likely to attempt to prove  
 19 secondary meaning with circumstantial evidence: advertising, sales success, length of use,  
 20 actual confusion and Thermos's purported "copying." None of those can come close to  
 21 proving secondary meaning in the Stanley bottle.

22 1. Image or "Look For" Advertising.

23 First Brands Corp. v. Fred Meyer, Inc., 809 F.2d 1378 (9th Cir. 1987), is the leading  
 24 case defining the role of sales, advertising and promotional activities in the proof of secondary  
 25 meaning. As explained in that case, evidence of sales, advertising and promotional activities  
 26 may be relevant in determining whether a trade dress has acquired a secondary meaning. Id.  
 27 at 1383. "However, the advertising and promotional activities must involve 'image  
 28 advertising,' that is, the ads must feature in some way the trade dress itself." Id.; see also

1 Yankee Candle Co. v. Bridgewater Candle Co., 99 F. Supp. 2d 140, 154 (D. Mass. 2000),  
 2 aff'd on point, 259 F.3d 25 (1st Cir. 2001) (secondary meaning in trade dress is not created by  
 3 advertising which does not specifically call attention to that trade dress).

4 Only advertising that urges consumers to "look for" the trade dress is to be considered  
 5 in the secondary meaning analysis, because "[o]therwise, even evidence of extensive  
 6 advertising or other promotional efforts would not necessarily indicate that prospective buyers  
 7 would associate the trade dress with a particular source." First Brands, 809 F.2d at 1383.  
 8 Thus, "a large expenditure of money does not in itself create legally protectable rights."  
 9 Carter-Wallace, Inc. v. Proctor & Gamble Co., 434 F.2d 794, 800 (9th Cir. 1970). Rather, the  
 10 "test of secondary meaning is the effectiveness of the effort" to create secondary meaning  
 11 through image advertising. Id. at 802; see also Int'l Jensen v. Metrosound USA, 4 F.3d 819,  
 12 824-25 (9th Cir. 1993).

13 In First Brands, the Ninth Circuit agreed with the district court's rejection of Carbide's  
 14 claim to secondary meaning in a yellow jug with a particular shape:

15 Prior to the hearing before the district court, Carbide did not  
 16 attempt to engender consumer identification with the yellow F-  
 17 style jug. It did not, for example, urge consumers to look for  
 the "familiar yellow jug."

18 First Brands, 809 F.2d at 1383.

19 Accordingly, advertising and promotion that merely picture the product without  
 20 calling attention to the particular trade dress fails to suggest secondary meaning. Sassafras  
 21 Enterprises, Inc. v. Roshco, Inc., 915 F. Supp. 1, 9 (N.D. Ill. 1996) ("Secondary meaning  
 22 cannot be established by advertising that merely pictures the product and does nothing to  
 23 emphasize the mark or dress."). Moreover, advertising that fails to isolate the trade dress, but  
 24 promotes the dress in combination with other elements, cannot be used to establish secondary  
 25 meaning. Pfizer Inc. v. Astra Pharm. Prods., Inc., 858 F. Supp. 1305, 1320-21 (S.D.N.Y.  
 26 1994) (advertising of compound mark PROCARDIA XL is not probative of secondary meaning

1 for the element XL alone). PMI's advertising regularly promotes the toughness and durability  
 2 of the Stanley bottle, thus defeating any role advertising could have in establishing secondary  
 3 meaning. See I.P. Lund Trading Sp.S v. Kohler Co., 118 F. Supp. 2d 92, 112 (D. Mass. 2000)  
 4 (no secondary meaning where plaintiff's advertising promoted the esthetically pleasing and  
 5 utilitarian features of the trade dress rather than promoting it as a brand identifier).

6 Notably, PMI's efforts to prove secondary meaning are thwarted by its own shifting,  
 7 tangled and contrived trade dress definition in this case. It is impossible to say that the trade  
 8 dress of the Stanley bottle has been consistently and effectively advertised when PMI's  
 9 lawyers even now continue to struggle to settle on a stable definition of that trade dress.  
 10 Moreover, the elements of PMI's trade dress that have remained constant at least in the case  
 11 have not been the subject of PMI's advertising. Thermos knows of no "look for the base of  
 12 constant diameter" ads, or "crinkled finish means Stanley" promotions. See Pebble Beach  
13 Co. v. Tour 18 I, Ltd., 942 F. Supp. 1513, 1559 (S.D. Tex. 1996) aff'd as modified, 155 F. 3d  
 14 526 (5th Cir. 1998) (even extensive advertising that does not use the claimed trade dress fails  
 15 to show secondary meaning); Storck USA, L.P. v. Farley Candy Co., 797 F. Supp. 1399, 1411  
 16 (N.D. Ill. 1992) (promotional emphasis on one element of the product's trade dress rather than  
 17 on the claimed combination of elements that is the claimed trade dress, fails to show  
 18 secondary meaning in the combination); In re American Nat'l Can Co., 41 U.S.P.Q. 2d 1841,  
 19 1845 (TTAB 1997) ("Absent from applicant's advertising is any promotion of fluting [the  
 20 claimed trade dress] as an indication of the source of its beverage container.")

21 Finally, and significantly, PMI's use of advertising and promotional material to prove  
 22 secondary meaning is constrained, if not defeated, by its conscious efforts to separate its  
 23 claimed trade dress from the green color of the Stanley bottle. To use image advertising to  
 24 prove secondary meaning PMI would need to demonstrate that it promoted the trade dress in a  
 25 way that did not promote the color of the product.

1           2.     Use of the Trade Dress to Increase Sales.

2           PMI may attempt to prove secondary meaning by showing that it or its predecessors  
 3 have successfully used the claimed trade dress to increase sales of the Stanley bottle. As with  
 4 image advertising, the question is whether the trade dress has successfully been used to  
 5 increase sales of the bottle, not just whether sales have increased (if they have). Increased  
 6 sales not shown to be driven by the claimed trade dress do not indicate secondary meaning.  
 7 As explained in Continental Lab. Prods., Inc. v. Medax Int'l, Inc., 114 F. Supp. 2d 992, 1002-  
 8 03 (S.D. Cal. 2000):

9           It is well-established that evidence of a product's success in the  
 10 marketplace does not necessarily show that its design has secondary meaning:

11           Sales success by itself will typically not be as probative of  
 12 secondary meaning in a product configuration case as in a  
 13 trademark case, since the product's market success may well be  
 14 attributable to the desirability of the product configuration  
 15 rather than the source-designation capacity of the supposedly  
 16 distinguishing feature or combination of features. And unlike  
 17 with a trademark, where repeated purchases of a product  
 support an inference that consumers have associated the mark  
 with the producer or source, one can much less confidently  
 presume that a consumer's repeated purchase of a product has  
 created an association between a particular product  
 configuration and the source.

18           *Id.* (quoting Duraco Prods., Inc. v. Joy Plastic Enterprises Ltd. 40 F.3d 1431, 1452-53  
 19 (3d Cir. 1994)). See also Cicena Ltd. v. Columbia Telecomm. Group, 900 F.2d 1546, 1551  
 20 (Fed. Cir. 1990) ("[S]ales success is not necessarily indicative of secondary meaning, but can  
 21 be attributed to many other factors . . . ."); Aromatique Inc. v. Gold Seal, Inc., 28 F.3d 863, 873  
 22 (8th Cir. 1994) ("Because the proper inquiring is whether the evidence demonstrates that the  
 23 purchasing public identifies the asserted mark with the source of the product, sales figures  
 24 alone are inadequate to establish a connection between a product and its source."); Seabrook  
 25 Foods, Inc. v. Bar-Well Foods Ltd., 568 F.2d 1342, 1345 (C.C.P.A. 1977) (evidence of sales  
 26

1 "may have relevance in establishing secondary meaning [but is] not necessarily indicative of  
 2 recognition of the mark by purchasers as an indication of source of the goods."); McCarthy on  
 3 Trademarks and Unfair Competition, § 15.47 at 15-67 ("Popularity of a product is not  
 4 synonymous with secondary meaning. Large sales of the product may be due to dozens of  
 5 factors, only one of which may be the drawing power of the trademark.")

6       3.       Extent of Exclusive Use.

7       PMI may maintain that its use of the trade dress has been exclusive and unchanged for  
 8 many years. A review of PMI's exhibits suggests that there have been changes in the bottle  
 9 but that the green color - the element that PMI eschews - has been constant. Still, even long  
 10 periods of exclusive use of a clearly defined protectable trade dress that does not result in a  
 11 unique association with a single specific source in the minds of the consuming public fails to  
 12 establish secondary meaning. As explained in the important Continental Laboratory case:

13       There is no talismanic number of months or years that  
 14 establishes when an unregistered trademark or trade dress can  
 15 obtain secondary meaning. Length of time "is merely one  
 16 additional piece of evidence to be weighed with all others in  
 17 determining the existence of secondary meaning." McCarthy §  
 18 15.53 at 15-77. "After all, a party's time and exclusivity of use  
 19 merely provide the opportunity to build source identification in  
 the public mind." Sassafras Enters, Inc. v. Roshco, Inc., 915 F.  
 Supp. 1, 9 (N.D. Ill. 1996). *Whether secondary meaning  
 attaches after a period of exclusive use depends on how, rather  
 than how long, the plaintiff used its mark or design.*

20 Continental Lab., 114 F. Supp. 2d at 1004 (emphasis added). In Keebler Co. v. Rovira Biscuit  
 21 Corp., 624 F.2d 366, 378 (1st Cir. 1980), therefore, the Court held that there was no  
 22 secondary meaning in a green cylindrical can despite 40 years of exclusive use.<sup>9</sup> Nothing in  
 23 the time the Stanley bottle has been on the market indicates that it has acquired secondary  
 24

25       <sup>9</sup> Interestingly, the Court also held that the defendant had taken "reasonable steps" to  
 26 distinguish its product from Keebler's green cylindrical bottle by adopting a blue color and by  
 prominently displaying its own logo.

1 meaning.

2           4.       Actual Confusion

3           The only evidence of actual confusion that relates to the claimed trade dress is the  
 4 handful of survey respondents in Dr. Philip Johnson's survey, commissioned by Thermos,  
 5 that indicated that the Thermos Work Series Beverage bottle was from Stanley. It is clear that  
 6 survey data evidence in a likelihood of confusion survey is not actual confusion. No less than  
 7 the leading commentator on trademarks has unequivocally stated: "Surveys do not measure  
 8 the degree of actual confusion by real consumers making mistaken purchases." McCarthy on  
 9 Trademarks § 32:184. One court called that conclusion "obvious." Malletier v. Dooney &  
 10 Bouke, 340 F. Supp. 415, 433 (S.D.N.Y. 2004). Nonetheless, PMI successfully convinced  
 11 this Court that it was right and Professor McCarthy was wrong in PMI's Motion in Limine  
 12 No. 2.<sup>10</sup> While it is expected that this error can be corrected at trial or through the testimony  
 13 of Dr. Johnson himself, if it is not it threatens to mislead and profoundly confuse the jury.

14           5.       Intentional Copying.

15           PMI places great weight on its claim that Thermos deliberately copies the Stanley  
 16 bottle. The threshold problem PMI will have is proving that Thermos copied PMI's trade  
 17 dress. Thermos denies copying. What Thermos did instead of copying was target the market  
 18 where the Stanley bottle was leading Thermos's competing products and offer a product that  
 19 captured that market's demand but was distinct, particularly in that it was better than the  
 20 Stanley bottle.<sup>11</sup>

21           Even if PMI could prove that Thermos deliberately copied the Stanley bottle, PMI  
 22 misunderstands the law related to such copying in this case. The pivotal flaw in PMI's  
 23

24           <sup>10</sup> Thermos respectfully requests the Court to revisit the briefing in this issue.

25           <sup>11</sup> Even when a product is copied, improvements in the copy counter any inference of  
 26 secondary meaning. Universal Frozen Foods Co. v. Lamb-Weston Inc., 7 U.S.P.Q.2d 1856,  
 1859 (D. Or. 1987).

1 analysis is its failure to recognize that there are unique policy considerations in product design  
 2 trade dress cases that make it difficult or impossible to apply principles developed in word  
 3 mark, packaging or restaurant décor cases. Here again, Thermos urges the Court's attention  
 4 to the Continental Laboratory case. There Judge Whelan synthesized the cases that had  
 5 indicated that copying sometimes suggest secondary meaning with those that recognize and  
 6 applaud the competitive benefits of copying product configurations or designs. 114 F. Supp.  
 7 2d at 1008-13. The court thoughtfully explained how the assumptions necessarily made when  
 8 copying is allowed to suggest secondary meaning are simply inapplicable in product design  
 9 cases. Id. at 1009. Just as in Continental Laboratory, this Court should not permit copying to  
 10 play any role in the determination of secondary meaning.

11 At the very least, PMI should be obliged to prove that Thermos had the intention to  
 12 pass off its Work Series Beverage bottle as the Stanley bottle. Though Judge Whelan refused  
 13 to allow the acknowledged copying of a product design to suggest secondary meaning in any  
 14 way, he explained that some courts have considered copying if there was a demonstrated  
 15 intent to confuse consumers:

16 Many courts have refused to infer secondary meaning from  
 17 mere intentional copying. Instead, intentional copying supports  
 18 a finding of secondary meaning only where the defendant  
 intended to confuse consumers and pass off its products as the  
 plaintiff's.

19 Id. at 1010, citing Thomas & Betts Corp. v. Panduit Corp., 65 F. 3d 654, 663 (7<sup>th</sup> Cir. 1995);  
 20 Blau Plumbing v. S.O.S. Fix-It, Inc., 781 F.2d 604, 611 (7<sup>th</sup> Cir. 1986); and Chrysler Corp. v.  
 21 Vanzant, 44 F. Supp. 2d 1062, 1083 (C.D. Cal. 1999).

22 In accord with that principle, many courts have refused to infer secondary meaning  
 23 from intentional copying of a product design if the defendant made deliberate efforts to  
 24 prevent source confusion such as by using different packaging or displaying its own  
 25 trademark. See Continental Laboratory, 114 F. Supp. at 1010 n.14; Aromatique, Inc. v. Gold  
 26

1 Seal, Inc., 28 F.3d 863, 871 (8th Cir. 1994), Remco Indus., Inc. v. Toyomenka, Inc., 286 F.  
 2 Supp. 948, 955 (S.D.N.Y.), aff'd 379 F.2d 977 (2d Cir. 1968). Because Thermos's packaging  
 3 is very different than PMI's, and because of the other ways its bottle is distinguishable from  
 4 PMI's (Thermos's is blue and PMI's is green), no suggestion of secondary meaning exists,  
 5 even if PMI first proves Thermos's intentional copying of the Stanley bottle.

6 PMI will be unable to carry its burden to prove that the Stanley bottle has acquired  
 7 secondary meaning.

8 **E. PMI Cannot Establish a Likelihood of Confusion**

9 Likelihood of confusion is "the core element of trademark infringement." Int'l Jensen  
 10 v. Metrosound U.S.A., Inc., 4 F.3d 819, 825 (9th Cir. 1993). To establish likelihood of  
 11 confusion, PMI must prove that the overall appearance of the Thermos Work Series bottle is  
 12 likely to cause confusion among an appreciable number of actual or potential purchasers as to  
 13 the source of the Thermos Work Bottle because of the similarities between the claimed trade  
 14 dress rights in the Stanley Bottle (assuming the claimed dress is protectable) and Thermos's  
 15 bottle. Id.; Entrepreneur Media, Inc. v. Smith 279 F.3d 1135, 1151 (9th Cir. 2002); First  
 16 Brands Corp. v. Fred Meyer, Inc., 809 F.2d 1378, 1383-84 (9th Cir. 1987); Avery Denison  
 17 Corp. v. Acco Brands, Inc., No. 99-1877, 1999 WL 33117261, at \*18 (C.D. Cal. Oct. 12,  
 18 1999). Likelihood of confusion is synonymous with "probable" confusion. Murray v. Cable  
 19 Nat'l Broadcasting Co., 86 F.3d 858, 861 (9th Cir. 1996). It is not sufficient if confusion is  
 20 merely "possible." Id.

21 Dr. Philip Johnson, a recognized and experienced, survey research expert conducted a  
 22 likelihood of confusion survey at the request of Thermos in this case. Dr. Johnson used the  
 23 traditional and judicially approved "Eveready" survey format to determine whether there was  
 24 a likelihood of confusion between the Thermos Work Series Beverage Bottle and the Stanley  
 25 bottle. He conducted his research consistent with the methods for survey research that have  
 26

1 been demanded by courts and commentators alike, including those in the Manual for Complex  
 2 Litigation, Third § 21.493 (1995); see McCarthy on Trademarks § 32:181 at 32-272. Personal  
 3 interviews were conducted with 400 consumers in 12 different markets throughout the United  
 4 States. Based on that survey, he concludes that it is clear that there is no significant level of  
 5 confusion between the Thermos Work Series Beverage Bottle and the Stanley bottle.

6 PMI failed to produce a likelihood of confusion survey, although its written discovery  
 7 responses stated that one was underway. In addition, PMI's survey expert testified in his  
 8 deposition that he had done many likelihood of confusion surveys, but was not asked to  
 9 conduct one in this case. There is an overwhelmingly strong inference from PMI's failure to  
 10 produce a survey that it knew the results would be unfavorable if one were performed.

11 The relevant Sleekcraft factors favor Thermos:

12 1. Strength or Weakness of the Claimed Trade Dress.

13 As discussed in the sections of this brief addressing functionality, genericness and  
 14 secondary meaning, PMI's claimed trade dress rights in the Stanley bottle (if they exist at all)  
 15 are weak and exceedingly limited. This factor weighs in favor of Thermos.

16 2. The Proximity of the Goods.

17 The goods in this case are, of course, competing vacuum bottles and therefore in  
 18 proximity to each other. This factor must not be given undue weight, however, because the  
 19 competitors' goods are therefore in proximity to each other whenever competitors are  
 20 involved in trademark or trade dress infringement litigation.

21 3. Similarities and Differences Between the Goods and Their Packaging.

22 There are substantial differences in the appearance of the Thermos and Stanley bottles,  
 23 including their notably different colors – a particularly significant factor given the history of  
 24 the green Stanley bottle. In addition, the THERMOS® trademark is used prominently on  
 25 both the bottles themselves and on their packaging, which also calls out the improvements to  
 26

1 the Thermos bottle that further differentiates it from the Stanley bottle. This factor weighs in  
 2 Thermos's favor.

3           4.       Actual Confusion.

4           PMI produced no evidence of actual confusion among consumers during discovery.  
 5 This factor therefore also favors Thermos.

6           5.       Intent to Confuse.

7           A defendant's intent in a product design trade dress case is relevant to likelihood of  
 8 confusion only if the defendant intended to cause consumer confusion as to the source of the  
 9 product. See Versa Prods. Co., Inc. v. Bifold (Mfg.) Ltd., 50 F.3d 189, 207-209 (3d Cir.  
 10 1995). There is a distinction between a deliberate attempt to deceive and confuse as to the  
 11 source of a product, and a deliberate attempt to compete effectively in the marketplace. If a  
 12 defendant copies a plaintiff's product design because it sells better and consumers seem to  
 13 like it, this is not evidence of an intent to confuse. Libman Co. v. Vining Indus., Inc., 69 F.3d  
 14 1360, 1363 (7th Cir. 1995); McCarthy on Trademarks § 8:19. There is plainly no evidence of  
 15 an intent to confuse here. Rather, Thermos's prominent display of its own THERMOS®  
 16 trademark on the bottle and its packaging demonstrates that Thermos intended to compete by  
 17 introducing a superior bottle that it wanted consumers to understand came from Thermos.

18           Further, although Thermos had every right to copy the unpatented Stanley bottle, the  
 19 evidence at trial will show that it did not do so. It instead incorporated certain features of the  
 20 Stanley bottle because those features are functional and/or because focus group research  
 21 showed that consumers wanted them. Rather than copy the Stanley bottle, Thermos went to  
 22 great lengths to introduce a better bottle. Thermos further differentiated its Work Series bottle  
 23 from the Stanley bottle by its own distinct packaging and prominent labeling with the  
 24 THERMOS® trademark.

1       6.     Marketing/Advertising Channels.2       The bottles are, of course, sometimes sold in the same stores and advertised in similar  
3 media. Like the proximity of the goods, however, this is not a factor to be weighted heavily  
4 given the other product specific factors that so heavily favor Thermos.5       7.     Purchaser's Degree of Care.6       Although the bottles are not expensive items such as automobiles or major home  
7 appliances, the purchasers of the bottles also are not impulse buyers. The evidence at trial will  
8 show that purchasers exercise a reasonable degree of care and attention when purchasing a  
9 vacuum bottle, particularly in the blue collar trades market.10      8.     Product Labeling.11      The prominent labeling of the THERMOS® and STANELY marks on the bottles and  
12 their packaging means that this factor strongly favors Thermos.13      Although evidence of post-sale confusion may be considered as part of the likelihood  
14 of confusion determination, courts have cautioned that post-sale confusion is not reliable  
15 generally not as relevant as point-of-sale-confusion to the likelihood of confusion analysis.  
16 See Plasticolor Molded Prods. v. Ford Motor Co., 713 F. Supp. 1329, 1336 n.8 (C.D. Cal.  
17 1989) (Kozinski, J.), vacated by consent, 767 F. Supp. 1036 (C.D. Cal. 1991) (“While point-  
18 of-sale and post-sale confusion are both considered in determining whether there has been  
19 trademark infringement, the two are not equivalent in significance. Point-of-sale confusion is  
20 by far the more important, because it directly affects individuals who are in the market for the  
21 particular product. Post-sale confusion may affect future purchasers of the product, but in a  
22 more indirect and diffuse manner; post-sale confusion is far less likely to cause erroneous  
23 purchases than point-of-sale confusion.”); Sturm, Ruger & Co. Inc. v. Arcadia Mach. & Tool  
24 Inc., 10 U.S.P.Q. 2d 1522, 1529 (C.D. Cal. 1988) (categorizing post-sale confusion as a  
25 “subsidiary factor[] contributing to likelihood of confusion”).

1       Moreover, post-sale confusion is established only if causally related to the allegedly  
 2 infringing trade dress and only if post-sale observations will affect later purchasing decisions.  
 3 See Reebok Int'l. Ltd. v. K-Mart Corp., 849 F. Supp. 252, 272-73 (S.D.N.Y.), vacated by  
 4 consent, No. 92-8871, 1994 WL 733616 (S.D.N.Y. Dec. 28, 1994). Courts have also noted  
 5 that the doctrine must be applied with caution because of the tendency to draw undue  
 6 inferences about the likelihood of confusion in the post-sale context, as well as about the  
 7 cause of post-sale confusion. Reebok Int'l Ltd. v. K-Mart Corp., 849 F. Supp. at 272-73  
 8 (“Even had [plaintiff] demonstrated a likelihood that an appreciable number of consumers  
 9 would mistake [defendant’s product for plaintiff’s], a claim of post-sale confusion requires the  
 10 additional steps of showing that the consumers will perceive something about the product, and  
 11 that what they observe will affect a later purchasing decision. . . . In appropriate cases, these  
 12 inferences are warranted . . . However, at some point unfounded inferences become too  
 13 remote from the evidence to support a conclusion that confusion is likely. Courts must be  
 14 particularly wary of wholly speculative claims in the context of post-sale confusion.”); see  
 15 also Smithkline Beckman Corp. v. Pennex Prods. Co., Inc., 605 F. Supp. 746, 752 (E.D. Pa.  
 16 1985) (“it is only that confusion which is the direct result of defendants’ acts that concerns the  
 17 law of unfair competition. The inquiry into the likelihood of confusion is directed towards the  
 18 time of purchase. Post-purchase confusion which is not the direct consequence of defendants’  
 19 action is not a factor.”).

20       **F.       Aladdin Did Not Transfer to PMI the Claimed Trade Dress Rights Before**  
 21 **This Lawsuit Was Filed**

22       PMI has asserted that it owns the trade dress rights asserted in this lawsuit. To own  
 23 the trade dress rights, PMI must prove that it received a valid assignment of the entirety of  
 24 Aladdin’s trade dress rights in the Stanley bottle. The evidence will show that Aladdin did  
 25 not assign such rights to PMI, at least as of the time that PMI filed this suit. Absent a valid  
 26 assignment that transferred ownership of the asserted trade dress rights to PMI before this suit

1 was filed, PMI did not own the trade dress rights at the time of filing. Absent ownership of  
 2 the trade dress rights as pled in its complaint, PMI has no standing to pursue this lawsuit.

3 In order for a plaintiff to have standing to file a lawsuit asserting infringement of trade  
 4 dress rights, it must have owned to the trade dress rights being asserted on the date of the  
 5 filing of the lawsuit. Gaia Tech., Inc. v. Reconversion Tech., Inc., 93 F.3d 774, 778, 780  
 6 (Fed. Cir. 1996); Maupin v. Yamamoto, No. CIV.A. 3:97CV00038, 2000 WL 1861830, at \*2  
 7 (W.D. Va. Dec. 19, 2000). A plaintiff that acquired its rights from another person or entity  
 8 must have done so through a valid assignment before the filing of the suit. Id. at 779. The  
 9 assignment of the trade dress to the plaintiff must also have included the goodwill in the  
 10 business associated with the trade dress. Mister Donut of America, Inc. v. Mr. Donut, Inc.,  
 11 418 F.2d 838, 842 (9th Cir. 1969).

12 The evidence will show that PMI did not obtain a valid assignment of the trade dress  
 13 rights in the Stanley bottle and therefore had no standing to file this suit. Although PMI and  
 14 Aladdin signed an Asset Purchase Agreement in December 2001 whereby Aladdin agreed to  
 15 assign a broad category of intellectual property rights to PMI, no such assignment occurred  
 16 before the filing of this lawsuit. When the closing contemplated by the Asset Purchase  
 17 Agreement actually occurred on February 15, 2002, no assignment document was executed.  
 18 While a written assignment is not necessary to effectuate an assignment of unregistered trade  
 19 dress rights, there is no credible evidence that the parties assigned Aladdin's trade dress rights  
 20 in the Stanley bottle in any manner outside the closing documents. Moreover, the nature of  
 21 the closing documents and the extent of the terms in those documents (including the express  
 22 inclusion of a list of "Excluded Assets" from the Bill of Sale) strongly suggest that PMI and  
 23 Aladdin intended that these documents were to reflect the parties' entire agreements at the  
 24 time of closing. The parties' execution of amended documents in August 2004, more than  
 25 two years after the closing and well after the filing of this lawsuit, similarly indicates their  
 26 awareness that PMI lacked standing to file the lawsuit. The execution of amended documents

1 were a transparent (and unsuccessful) attempt to cure that problem.

2 The execution of an assignment after the filing of the lawsuit cannot confer standing  
 3 on a plaintiff retroactively. Gaia, 93 F.3d at 779-80. It is well settled that a plaintiff must  
 4 possess the right upon which it has filed suit at the time it files suit. Id.

5 Nor does the Asset Purchase Agreement suffice to effectuate the assignment. The  
 6 evidence will show that the Asset Purchase Agreement was nothing more than an agreement  
 7 to assign the trade dress rights at some future closing date, not a document that presently  
 8 assigned the rights. PMI and Aladdin obviously realized this when they tried to cure the  
 9 standing problem with the later amendments.<sup>12</sup>

10 **G. PMI's State Law Claims Also Fail**

11 1. Washington State Law Requires That PMI's State Law Claims Must Be  
 12 Decided Under Federal Trade Dress Infringement Standards

13 PMI's claims under section 43(a) of the Lanham Act, the Washington State Consumer  
 14 Protection Act (the "CPA"), and Washington's common law against unfair competition are all  
 15 premised on the same underlying allegation that Thermos's Work Series bottle infringes the  
 16 trade dress that PMI claims in its Stanley bottle. See PMI's Second Amended Complaint for  
 17 Trade Dress Infringement and Unfair Competition, ¶¶ 10-12; PMI's Amended Pretrial Order,  
 18 ¶¶ 5-7. As a matter of Washington state law, the analytical framework for deciding PMI's  
 19 federal law claim as well as its state law claims is supplied by federal courts' interpretation of  
 20 section 43(a) of the Lanham Act.

21 a. PMI's Consumer Protection Act Claim Must Be Decided in  
 22 Accordance With Federal Standards

23 Section 19.86.920 of the Washington Consumer Protection Act (the "CPA")

24 <sup>12</sup> Although the Lanham Act requires only injury, rather than ownership, to confer standing on  
 25 a plaintiff to file suit for trade dress infringement, here PMI has pled ownership. Moreover,  
 26 there is no evidence that PMI is a licensee with rights to sue for infringement or that PMI and  
 Aladdin ever intended to transfer such rights. Indeed, all indications are that the intention was  
 to assign ownership of the trade dress to PMI.

1 specifically directs courts to use the precedent developed by federal courts as a guideline in  
 2 interpreting the CPA:

3 [T]he purpose of this act is to complement the body of federal  
 4 law governing restraints of trade, unfair competition and unfair,  
 5 deceptive, and fraudulent acts or practices . . . It is the intent of  
 6 the legislature that, in construing this act, the courts be guided  
 7 by final decisions of the federal courts and final orders of the  
 8 federal trade commission interpreting the various federal  
 9 statutes dealing with the same or similar matters . . . To this end  
 10 this act shall be liberally construed that its beneficial purposes  
 11 may be served.

12 RCWA § 19.86.920; see also State v. Black, 100 Wash. 2d 793, 799 (1984) (en banc) (“When  
 13 the Legislature enacted the Consumer Protection Act, it anticipated that our courts would be  
 14 guided by the interpretation given by federal courts to their corresponding federal statutes.”);  
 15 Blewett v. Abbott Labs., 86 Wash. App. 782, 788 (Div. 1 1997) (in directing courts to be  
 16 “guided by” federal law, the Legislature intended thereby to avoid subjecting defendants to  
 17 divergent regulatory approaches to the same conduct); see also Litton Indus. Prods., Inc. v.  
Solid State Sys. Corp., 755 F.2d 158, 165 (Fed. Cir. 1985) (noting that the CPA “has been  
 18 judicially recognized as indicating to state courts that they should be guided by the  
 19 interpretation federal courts give to corresponding federal statutes.”).

20 Accordingly, in analyzing and deciding claims brought under the CPA, Washington  
 21 state courts have consistently relied on federal courts’ interpretation of the corresponding  
 22 federal statutes. See Blewett v. Abbott Labs., 86 Wash. App. at 787 (“in practice Washington  
 23 courts have uniformly followed federal precedent in matters described under the Consumer  
 24 Protection Act.”); Ballo v. James S. Black Co., 39 Wash. App. 21, 26 (Div. 3 1984) (adopting  
 25 test used by federal courts to determine whether conduct violates federal antitrust laws in  
 26 order to determine whether alleged conduct violated CPA’s antitrust provision); accord Ass’n  
 of Washington Public Hosp. Districts v. Philip Morris Inc., 241 F.3d 696, 706 (9th Cir. 2001)  
 (citing instruction in § 19.86.920 to interpret CPA in light of federal court decisions

interpreting corresponding federal law as basis for refusal to depart from federal antitrust proximate cause principles in analyzing proximate cause requirement under the CPA).

In particular, Washington state courts, along with the Ninth Circuit, look to federal courts' interpretation of section 43(a) of the Lanham Act as providing the framework for deciding CPA claims for trademark and trade name infringement. See Talking Rain Beverage Co. Inc. v. South Beach Beverage Co., 349 F.3d 601, 603 (9th Cir. 2003) ("To succeed on its trademark claims under the Lanham Act, [plaintiff] must meet three elements: nonfunctionality, (2) distinctiveness and (3) likelihood of confusion. . . . [Plaintiff's] state law claims [asserted under RCW § 19.86.020] also turn on whether it can establish these elements."); Nordstrom, Inc. v. Tampourlos, 107 Wash. 2d 735, 739 (1987) (analogizing Washington Consumer Protection Act to section 43(a) in support of finding that trade name infringement was an "unfair or deceptive act" in violation of RCW § 19.86.020); Tradewell Stores, Inc. v. T.B. & M., Inc., 7 Wash. App. 424, 431 (Div. 2 1972) (same).

b. PMI's Claim for Common Law Unfair Competition Must Be Decided in Accordance With Federal Standards

This District looks to federal law to supply the analytical framework for deciding Washington common law unfair competition claims based on alleged trademark infringement. See Nat'l Football League Properties, Inc. v. Wichita Falls Sportswear, Inc., 532 F. Supp. 651, 655 n.1 (W.D. Wash. 1982) (“The right to relief, whether premised on federal registration, § 43(a) of the Lanham Act or state unfair competition law, is the same. All relief is bottomed on a showing of likelihood of confusion”); Dr. Ing. H.c.F. Porsche AG v. Universal Brass, Inc., No. 94-792, 1995 WL 420816, at \*5 (W.D. Wash. Feb. 23, 1995) (noting that likelihood of confusion of business entity test under Washington unfair competition law is essentially a [Lanham Act] likelihood of confusion as to source test); accord Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 902 n.2 (9th Cir. 2002) (noting that Ninth Circuit’s likelihood-of-confusion test “also governs [plaintiff’s] state law claims of

1 unfair competition”).

2 In particular, Washington courts addressing claims of unfair competition based on  
 3 alleged infringement of a product configuration trade dress rely on federal cases and  
 4 recognize the same limitations on the scope of such trade dress. See Cedar-Al Products, Inc.  
 5 v. Chamberlain, 38 Wash. App. 626, 627-28 (Div. 2 1984) (recognizing that “trade dress”  
 6 does not encompass the functional features of a product; a competitor may copy all of the  
 7 characteristics of a product except those features “that serve only to identify the product as  
 8 coming from a particular source, i.e., the rival”). Courts addressing CPA claims based on  
 9 alleged trade name infringement similarly look to federal law to determine the strength of  
 10 plaintiff’s purported trademark interest. See Seattle Endeavors, Inc. v. Mastro, 868 P.2d 120,  
 11 124 (Wash. 1994).

12 2. Federal Law Requires that PMI’s State Law Claims Must Be Decided  
13 Under Federal Standards

14 Even if, *arguendo*, Washington statutory and common law unfair competition claims  
 15 were not substantially congruent to trademark infringement claims under the Lanham Act,  
 16 federal law precludes state statutory and decisional law from providing product configurations  
 17 with broader protection than exists under federal law. See Bonito Boats, Inc. v. Thunder Craft  
18 Boats, Inc., 489 U.S. 141, 156 & 165 (1989) (states “may not offer patent-like protection to  
 19 intellectual creations which would otherwise remain unprotected as a matter of federal law”  
 20 but may “place limited regulations on the use of unpatented designs in order to prevent  
 21 consumer confusion as to source”); Unital, Limited v. Sleepco Mfg., Ltd., 627 F. Supp. 285,  
 22 294 (W.D. Wash. 1985) (“Where federal law provides no legal protection for an unpatented,  
 23 uncopyrighted, or unregistered article, a state may not prohibit copying of it or award  
 24 damages for such copying.”).<sup>13</sup>

25 <sup>13</sup> Federal law does not, however, preclude Washington state law from providing *less*  
 26 protection to PMI’s product configuration than is provided under the Lanham Act. Indeed,  
 the CPA does just this in requiring the plaintiff to prove not just the underlying infringement

1       In Unital, as here, the plaintiff's claims for violation of the Lanham Act, violation of  
 2 the Washington Consumer Protection Act and common law unfair competition were all based  
 3 on the same allegation – *viz.*, defendant's alleged copying of the roof contour of plaintiff's  
 4 sleeper cab for long-haul trucks. The district court observed that, “[a]lthough the parties are  
 5 diverse and state law claims are made, the primary source of the rights sued upon is federal  
 6 law.” Id. at 288. The court analyzed the plaintiff's claim under the Lanham Act and  
 7 determined that the plaintiff's roof design was functional and therefore not protected. Id. at  
 8 289-91. Based on that determination, the court further concluded that “there is no premise for  
 9 Unital's claims of unfair competition under state law.” Id.; accord Mountain Safety Research, Inc. v. Coleman Outdoor Prods., Inc., 869 F. Supp. 818, 825 (W.D. Wash. 1993) (finding that  
 10 defendants were entitled to summary judgment on plaintiff's federal trademark infringement  
 11 claim and therefore dismissing plaintiff's state law claims related to trademark infringement).  
 12

13       **H. PMI's Claims Are Barred By Laches**

14       Thermos has asserted that the equitable defense of laches bars PMI's claims.

15       The evidence at trial will show that Thermos manufactured, marketed and sold a  
 16 Thermos brand vacuum-insulated bottle known as Thermos Model 2695 for several years in  
 17 the early and mid-1990s. The Thermos Model 2695 bottle not only contained all of the  
 18 elements of PMI's purported trade dress, but was much closer in appearance to the Stanley  
 19

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20 allegation, but also that (i) the alleged infringement affected the public interest; and (ii) the act  
 21 or practice alleged against the defendant was not reasonable. See RCWA § 19.86.920 (“It is . . . the intent of the legislature that [the CPA] shall not be construed to prohibit acts or  
 22 practices which are reasonable in relation to the development and preservation of business . . .”); see also Travis v. Washington Horse Breeders Ass'n, Inc., 111 Wash. 2d 396, 408 (1988)  
 23 (trial court erred in failing to instruct jury that CPA does not prohibit reasonable acts or  
 24 practices); Cox v. Lewiston Grain Growers, Inc., 86 Wash. App. 357, 374 (Div. 3 1997)  
 25 (“Acts which bear a reasonable relationship to the development and preservation of business  
 26 are not CPA violations.”); Seattle Endeavors, Inc. v. Mastro, 868 P.2d 120, 127 (Wash. 1994)  
 (inadvertent infringement of weak mark fails to satisfy public interest element of CPA claim);  
Nordstrom v. Tamporlous, 733 P.2d 208, 211-12 (Wash. 1987) ) (CPA requires that “private  
 plaintiffs make a showing of public interest.”).

1 bottle than the Thermos Work Series bottle accused of infringement in this case. Yet Aladdin,  
 2 Thermos's primary vacuum bottle competitor in the early and mid- 1990's and the company  
 3 from which PMI claims to have purchased the claimed trade dress rights in the Stanley bottle  
 4 in 2002, never objected to the Model 2695 bottle. Had Aladdin done so, Thermos would have  
 5 been able to determine over a decade ago what rights Aladdin claimed, could have obtained a  
 6 ruling regarding the issue, and would have been in a position to avoid the present dispute  
 7 altogether. Instead, Thermos did exactly what Aladdin's silence entitled it to do: continue to  
 8 design, manufacture and sell products incorporating the very features found in the Model  
 9 2695 bottle that form the basis of this lawsuit. Now that Thermos has committed to a  
 10 substantial investment in the manufacture and marketing of the Thermos Work Series bottle,  
 11 PMI cannot overcome the failure of Aladdin to act more than a decade ago when it should  
 12 have done so and force Thermos to relinquish its investment and right to make and sell the  
 13 Work Series bottle.

14       “For laches to apply in a trademark infringement case, the defendant must show that  
 15 the plaintiff had knowledge of the defendant’s use of an allegedly infringing mark, and that  
 16 the defendant would be prejudiced by allowing the plaintiff to assert its right at this time.”  
 17 Chattanooga Mfg., Inc. v. Nike, Inc., 301 F.3d 789, 792-93 (7th Cir. 2002). “[A] plaintiff must  
 18 have actual or constructive notice of the defendant’s activities.” Id. at 793 (emphasis added).  
 19 A trademark assignor’s knowledge and conduct may be imputed to an assignee for laches  
 20 purposes. Borg-Warner v. York-Shipley, Inc., 293 F.2d 88, 94 (7th Cir. 1961).

21        “[A] delay prejudices a defendant when the assertion of a claim available for some  
 22 time would be inequitable in light of the delay in bringing that claim and ensues when a  
 23 defendant has changed his position in a way that would not have occurred if the plaintiff had  
 24 not delayed.” Id. at 795. Commitment to an expensive advertising and marketing campaign  
 25 can constitute the required prejudice. See id.

26        A finding of laches will bar PMI’s claims for both injunctive relief and damages.

1 Grupo Gigante SA DE CV v. Dallo & Co., Inc., 391 F.3d 1088 (9th Cir. 2004) (affirming  
 2 denial of injunctive relief and citing E-Systems, Inc. v. Monitek, Inc., 720 F.2d 604, 607 (9th  
 3 Cir. 1983) regarding the six factors “for determining whether laches bars a claim for either  
 4 damages or injunctive relief”); Prudential Ins. Co. v. Gibraltar Financial Corp., 694 F.2d  
 5 1150, 1152 (9th Cir. 1983) (“[t]he Supreme Court explicitly made laches available as an  
 6 equitable defense barring injunctive relief in United Drug Co. v. Rectanus Co., 248 U.S. 90,  
 7 102-103 (1918) and French Republic v. Saratoga Vichy Spring Co., 191 U.S. 427, 436-437  
 8 (1903).” (parallel citations omitted)).

9 The evidence at trial will establish the applicability of a laches defense. Thus,  
 10 damages and injunctive relief should be denied.

11 **I. PMI Is Not Entitled to Monetary Recovery**

12 The Lanham Act provides that, “subject to the principles of equity,” a plaintiff who  
 13 establishes a violation of 15 U.S.C § 1125(a) may recover (1) defendant’s profits, (2) any  
 14 damages sustained by the plaintiff, and (3) the costs of the action. 15 U.S.C § 1117(a); Lindy  
 15 Pen Co., Inc. v. Bic Pen Corp., 982 F.2d 1400, 1407 (9th Cir. 1993). A plaintiff’s entitlement  
 16 to damages, however, is not absolute. The Ninth Circuit has emphasized that “[t]he equitable  
 17 limitation upon the granting of monetary awards … would seem to make it clear that such a  
 18 remedy should not be granted as a matter of right.” Id. at 1404-05 (quoting Maier Brewing  
 19 Co. v. Fleischmann Distilling Corp., 390 F.2d 117, 120 (9th Cir.). Rather, “[w]hen fashioning  
 20 a remedy in a given case, the court must rely not merely on the legal conclusion of liability,  
 21 but must also consider the nature of the infringing actions, including the intent with which  
 22 they were motivated and the actuality, if any, of their adverse effects upon the aggrieved  
 23 party.” Lindy Pen, 982 F.2d at 1405 (internal quotations omitted).

24 1. **Defendant’s Profits.**

25 Under Ninth Circuit law, a plaintiff may seek a disgorgement of the defendant’s  
 26

1 profits under two alternative theories: as an accounting, where the defendant engaged in  
 2 willful infringement,<sup>14</sup> or as a surrogate for plaintiff's lost sales. Id. at 1406-07; Adray v.  
 3 Adray-Mart, Inc., 76 F.3d 984, 988 (9th Cir. 1995); Sugai Products, Inc. v. Kona Kai Farms,  
 4 Inc., No. 97-00043, 1997 WL 824022, at \*15 (D. Haw., Nov. 19, 1997).

5 Regardless of whether plaintiffs seek defendant's profits under a theory of an  
 6 accounting for willful infringement or as a surrogate for their own lost profits, they bear the  
 7 burden of establishing, with "reasonable certainty," defendant's gross profits from the  
 8 infringing activity. Lindy Pen, 982 F.2d at 1408. Plaintiffs are not entitled to profits  
 9 demonstrably not attributable to the unlawful use of their trade dress. Maier Brewing Co. v.  
 10 Fleischmann Distilling Corp., 390 F.2d 117, 124 (9th Cir. 1968). See also Rolex Watch,  
 11 U.S.A., Inc., v. Michel Co., 179 F.3d 704, 712 (9th Cir. 1999) (trial court properly denied  
 12 plaintiff's request for defendant's profits where plaintiff did not adequately demonstrate what  
 13 portion of defendant's sales were due to infringing activity) Lindy Pen, 982 F.2d at 1408 ("an  
 14 accounting is intended to award profits only on sales that are attributable to the infringing  
 15 conduct"). In Lindy Pen, the court rejected the plaintiff's claim for defendant's profits from  
 16 sales that clearly were not the result of defendant's infringement. There, the defendant, Bic  
 17 Pen, was found to have infringed on plaintiff's trademark on the term, "Auditors," for its  
 18 pens. Id. at 1404. The court found that there was a likelihood of confusion only in the  
 19 telephone order market for pens, where consumers did not have the opportunity to inspect the  
 20 parties' pens before purchasing. Id. The plaintiff, however, sought an accounting of  
 21 defendant's profits from all of its sales of the infringing pens, not just those sold through  
 22 telephone orders. Id. at 1408. The court rejected that claim as overreaching. Id. at 1408.  
 23 Here, too, plaintiffs are entitled only to defendant's profits from those sales made as a result  
 24

25 <sup>14</sup> It should also be noted that the Ninth Circuit has cautioned that a finding of "willful  
 26 infringement may support an award of profits to the plaintiff, but does not require one." Faberge, Inc. v. Saxony Prods., Inc., 605 F.2d 426, 429 (9th Cir. 1979).

1 of the infringing trade dress. Once plaintiffs have identified defendant's gross sales of the  
 2 infringing product, the defendant bears the burden of showing which of its total sales are not  
 3 attributable to the infringing activity, as well as costs and deductions from gross sales to  
 4 arrive at a profit figure. 15 U.S.C. 1117(a); Lindy Pen, 982 F.2d at 1408. See also J. Thomas  
 5 McCarthy, McCarthy on Trademarks and Unfair Competition §§ 30:65-66.

6 At trial, the evidence will establish that a significant number of its sales of the  
 7 Thermos Work Series bottles were attributable to reasons other than the bottles' trade dress.  
 8 For example, the evidence will show that a significant number of purchasers bought Thermos  
 9 Work Series bottles because of the reputation of the Thermos brand name, the bottles' larger  
 10 storage capacity, the durability of the handles on the Work Series bottles, and the bottles' non-  
 11 skid bottoms. Such sales must be deducted from the calculations of defendant's gross profits.  
 12 Likewise, Thermos will introduce evidence of the costs and overhead of producing the  
 13 challenged Work Series bottles.

14           2.       Actual Damages

15 Plaintiffs also seek their lost profits due to lost sales and price erosion, as well as  
 16 corrective advertising expenses. Plaintiffs are entitled to recover only those lost profits that  
 17 they would have earned "but for" the infringement. See Lindy Pen, 982 F.2d at 1407.  
 18 Accordingly, the amount of lost profits may not be speculative. Id. See also McClaren v.  
 19 Plastic Indus., Inc., 97 F.3d 347, 361 (9th Cir. 1996) (reversing award of lost profits based on  
 20 value of business that plaintiff never started because it was based on speculation). For  
 21 example, in Lindy Pen, the court's denial of an award of lost profits was based, *inter alia*, on  
 22 the plaintiff's failure to establish an appropriate base period of sales to compare with the  
 23 infringement period and to properly segregate those sales deemed infringing from those that  
 24 were not infringing. 982 F.2d at 1407.

25 Plaintiffs' theory of damages grossly overestimates the number of sales that they lost  
 26

1 directly as a result of competition from the Thermos Work Series Bottle. The calculations of  
2 lost sales by plaintiffs' damages expert, Richard Troxel, are fraught with unrealistic and  
3 groundless assumptions. For example, Troxel simply assumes that all sales of the Thermos  
4 Work Series bottles are attributable to the infringement of plaintiffs' alleged trade dress and  
5 that each sale of a Thermos Work Series bottle resulted in a loss of a sale of a Stanley bottle.  
6 Yet the evidence at trial will show that there is no apparent correspondence between the  
7 decline in sales of the plaintiffs' bottles and the introduction of the defendant's bottles. The  
8 evidence will show that plaintiffs' acquisition of the Stanley business in February 2002 and its  
9 relocation of the Stanley bottle production from Nashville to China in the middle of that year  
10 may have had a greater impact on plaintiffs' sales than the introduction of defendants' Work  
11 Series bottles in August. In addition, Mr. Troxel's damages are inflated because his estimated  
12 sales of Work bottles for the period from January 2004 through July 2004 are more than 2.5  
13 times defendant's actual sales.

DATED this 14th day of March, 2005.

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**CERTIFICATE OF SERVICE**

I hereby certify that on March 14, 2005, I caused to be filed the document with the Clerk of the Court, using the CM/ECF system which will send electronic notification of such filing to the following:

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